No. 92-114

In The

Supreme Court of the United States

October Term, 1992

CARDINAL CHEMICAL COMPANY, a partnership, W.M. QUATTLEBAUM, JR., DOROTHY QUATTLEBAUM, and W.M. QUATTLEBAUM, III, individuals, CARDINAL MANUFACTURING CO., and CARDINAL STABILIZERS, INC.,

Petitioners,

vs.

MORTON INTERNATIONAL, INC.,

Respondent.

In Support of Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR RESPONDENT

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QUESTION PRESENTED

Whether the Court of Appeals for the Federal Circuit errs when it vacates a declaratory judgment holding an asserted patent invalid merely because it determines that the patent is not infringed?

PARTIES TO THE PROCEEDING

All parties to the proceeding below are set forth in the caption to the case. Pursuant to Rule 29.1 of the Rules of this Court, respondent states that it does not have any non-wholly owned subsidiaries, nor does it have any parent corporations.

TABLE OF CONTENTS

	Page
Question Presented	i
Parties to the Proceeding	ii
Table of Contents	iii
Table of Citations	iii
Statement of the Case	2
Reasons for Granting the Petition	4
Conclusion	7

TABLE OF CITATIONS

Cases Cited:

Blonder-Tongue Labs. v. University of Illinois Found., 402 U.S. 313 (1971) 4

Morton International, Inc. v. Atochem North America, Inc., Civil Action No. 87-60-RRM 4

Morton International Inc. v. Cardinal Chemical Co., 959 F.2d 948 (Fed. Cir. 1992) 2

Morton Thiokol, Inc. v. Argus Chemical Corp., 11 U.S.P.Q. 2d 1152 (Fed. Cir. 1989) 2, 3, 6

Contents

Page

Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co., 324 U.S. 806 (1945) 4

Vieau v. Japax, 823 F.2d 1510, 3 U.S.P.Q. 2d 1094 (Fed. Cir. 1987) 2, 4, 5, 6

Statutes Cited:

35 U.S.C. § 112 2

35 U.S.C. § 282 ..... 3, 5

Rule Cited:

Supreme Court Rule 29.1 ii

Other Authorities Cited:

J. Re and W. Rooklidge, *Vacating Patent Invalidity Judgments Upon an Appellate Determination of Noninfringement*, 72 J. Pat. and Trademark Off. Society 780 (1990) 5

R. Cooley, *What The Federal Circuit Has Done And How Often: Statistical Study of the CAFC Patent Decisions - 1982 to 1988*, 71 J. Pat. and Trademark Off. Society 385 (1989) 6

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MORTON INTERNATIONAL, INC.,

Respondent.

In Support of the Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR RESPONDENT

Respondent Morton International, Inc. (hereinafter "Morton" or simply the "Respondent") respectfully supports the petition for a writ of certiorari by the Petitioners Cardinal

Chemical Company, W.M. Quattlebaum, Jr., Dorothy Quattlebaum, and W.M. Quattlebaum, III, Cardinal Manufacturing Co. and Cardinal Stabilizers, Inc. (hereinafter "Cardinal" or simply the "Petitioners") to review the decision of the United States Court of Appeals for the Federal Circuit, entered in the above-entitled proceeding on March 20, 1992.

STATEMENT OF THE CASE

The appeal below to the United States Court of Appeals for the Federal Circuit (the "Federal Circuit") marked the second time that Morton had been before that court appealing a district court judgment holding its United States Letters Patent Nos. 4,062,881 and 4,120,845 invalid under 35 U.S.C. § 112 (as not satisfying the "enablement" and "definiteness" requirements)[1] and not infringed. In both appeals the Federal Circuit, after affirming the noninfringement finding and without any consideration whatever of the merits of Morton's appeal regarding the invalidity holding, vacated that invalidity holding pursuant to the "policy" first introduced in *Vieau v. Japax*, 823 F.2d 1510, 1517, 3 U.S.P.Q. 2d 1094, 1100 (Fed. Cir. 1987). *Morton Thiokol, Inc. v. Argus Chemical Corp.*, 11 U.S.P.Q. 2d 1152 (Fed. Cir. 1989) (unpublished) ("*Argus*"); *Morton International Inc. v. Cardinal Chemical Co.*, 959 F.2d 948 (Fed. Cir. 1992) ("*Cardinal*").

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1. 35 U.S.C. § 112 provides, in part, that a patent

> . . . shall contain a written description of the invention, and of the manner and process of making and using it, in such . . . terms as to enable any person skilled in the art to which it pertains . . . to make and use the same . . . **[enablement]**
>
> . . . and shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention. **[definiteness]**

Following the decision in the *Argus* appeal, the statutory presumption of validity mandated by 35 U.S.C. § 282[2] should have been restored to Morton's two patents. Clearly, it was not.

After the stay in the district court was lifted in the present case,[3] Cardinal filed a summary judgment motion (collateral estoppel and invalidity) and, in support of that motion, argued that it was "unthinkable that the Federal Circuit expected after rendering the Argus decision, that any defendant would be faced with the same patents again." Additionally, Cardinal argued that it was not asking the district court to go out on a limb because the "[Federal Circuit] did not disagree with the [*Argus*] District Court's findings on invalidity, but merely vacated that portion of the decision because of its stated policy of not reaching the validity issue when noninfringement is found."

Likewise, the district court in this case did not treat the § 282 presumption of validity of Morton's two patents as having been fully restored following the Federal Circuit's vacation of the invalidity holding in the *Argus* case. As a result, although the district court denied Cardinal's summary judgment motion, it admonished Morton's counsel that, "We're not going to retry Argus." Further it also warned Morton's counsel that a verdict would be directed against Morton "right then and there" if that was being done. The invalidity holdings in *Argus*, although vacated, were treated by the district court as being correct without any independent evaluation.

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2. In pertinent part, 35 U.S.C. § 282 provides that:

> A patent shall be presumed valid . . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

3. By agreement of Morton and Cardinal, the present case was stayed in the district court pending the outcome of the *Argus* appeal.

REASONS FOR GRANTING THE PETITION

The Court of Appeals for the Federal Circuit errs, as it did in this case, and as has been done in dozens of other cases when it follows the "policy" first introduced in *Vieau v. Japax*. Under that policy, the Federal Circuit routinely vacates a judgment holding an asserted patent invalid, merely because it has affirmed a district court's finding that the patent is not infringed. This practice is a disservice to all concerned: the patentee, the accused infringer, and the general public. It was for this reason that Morton strenuously urged the Federal Circuit in this case to substantively review the district court's invalidity holdings and not follow *Vieau*.

Morton, therefore, supports Cardinal's petition for a writ of certiorari. It thus joins the growing list of interested parties urging that Cardinal's petition be granted.[4] Given the valuable property rights a patent represents and, as this Court has long recognized, the substantial public interest involved in the question of the validity (or invalidity) of a patent,[5] it is not at all surprising that both parties to the present litigation, Cardinal (the accused infringer) and Morton (the patent owner), three bar associations, most of whose members specialize in the practice of patent law

4. To date the American Intellectual Property Law Association, (the "AIPLA"), the Federal Circuit Bar Association (the "Federal Circuit Bar"), the Patent, Trademark and Copyright Section of the American Bar Association (the "PTC Section of the ABA") and Atochem North America, Inc. (the defendant in the third suit involving the two Morton patents here in suit — *Morton International, Inc. v. Atochem North America, Inc.*, Civil-Action No. 87-60-RRM, United States District Court, District of Delaware) ("Atochem"), have asked Morton's consent to file *amicus curiae* briefs in support of Cardinal's petition. Morton, of course, has given them its consent.

5. *See*, for example, this Court's statements in *Blonder-Tongue Labs. v. University of Illinois Found.*, 402 U.S. 313, 343 (1971) and *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945).

the AIPLA, the PTC Section of the ABA and the Federal Circuit Bar), and Atochem should *all* urge this Court to grant *certiorari* and put an end, to the Federal Circuit's erroneous "*Vieau* policy."

The Federal Circuit, to support its refusal to review invalidity (or validity) determinatlons when it affirms a district court's noninfringement finding, relies on the doctrine of "mootness." *See, e.g. Vieau*, 823 F.2d at 1521. Cardinal, in its petition, has fully and persuasively demonstrated that the Federal Circuit has misread precedent from this Court in relying on the "mootness doctrine." Chief Judge Nies also eloquently makes this point in her dissent to the Federal Circuit's refusal to review this issue *en banc*. (App. A, pp. 22a, *et seq.*) Morton will not plow the same ground. Instead, it will explore the real-world harm to a patentee which results from the Federal Circuit's *Vieau* policy.

In the real world, that policy places the validity of a patent in a kind of "twilight zone". On the one hand, it is not invalid (after all, the Federal Circuit did vacate the district court's invalidity holding). But yet, on the other hand, the patent is not viewed as being "really valid" by anyone other than the patent owner. Instead, it is viewed as a once dead patent, which has been "resurrected" by a mere technicality. *See, e.g.*, J. Re and W. Rooklidge, *Vacating Patent Invalidity Judgments Upon on Appellate Determination of Noninfringement*, 72 J. Pat. and Trademark Off. Society 780 (1990). Accordingly, if the patent is subsequently litigated, it is not accorded the full and complete presumption of validity mandated by 35 U.S.C. § 282.

A stigma of invalidity has been placed on the patent which never can be removed. This stigma was recognized and underscored by Circuit Judge Lourie in his concurring opinion, when he stated that the "presumption of validity [of Morton's two patents] has been shaken, but not destroyed." (App. A, p. 13a). Certainly, when it enacted § 282, Congress never contemplated, much less

intended, that a patent should be accorded anything less than a full and complete presumption of validity or that the burden of proving a patent's validity in the first instance should ever by placed upon its owners.

Further, this stigma is not justified. Prior to its adoption of the *Vieau* policy, when the Federal Circuit reviewed invalidity determinations without regard to its decision on infringement, district court holdings of invalidity were *reversed* almost as often as they were affirmed. R. Cooley, *What The Federal Circuit Has Done And How Often: Statistical Study of the CAFC Patent Decisions — 1982 to 1988*, 71 J. Pat. and Trademark Off. Society 385 (1989).

Here, Morton, after two appeals in which the validity issue was not substantively reviewed by the Federal Circuit, has been left with two patents effectlvely stripped of any power in the marketplace. If Morton were to proceed against another infringer, the district court, in all likelihood would blindly accept the vacated invalidity holdings, just as the district court here adopted wholesale the *Argus* district court's invalidity holding, without any independent evaluation as to whether those holdings were correct or not. Further, any future accused infringer would, in all likelihood, seek an award of attorney's fees because, as Cardinal argued in this case, Morton would have sued on an "invalid patent." The value of Morton's patents is therefore essentially zero; effectively not enforceable and viewed with disdain by competitors and courts alike. Valuable property rights have been lost, thereby denying Morton due process of law.

Morton respectfully suggests that the Federal Circuit,s "*Vieau* policy" should be ended. A presumptively valid patent should be just that — presumptively valid and not in a validity/invalidity twilight zone.

CONCLUSION

For the reasons set forth herein, Respondent respectfully supports the Petitioners request that the Court issue a writ of certiorari to review the judgment of the Court of Appeals for the Federal Circuit in the appeal below.

Respectfully submitted,

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